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# THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

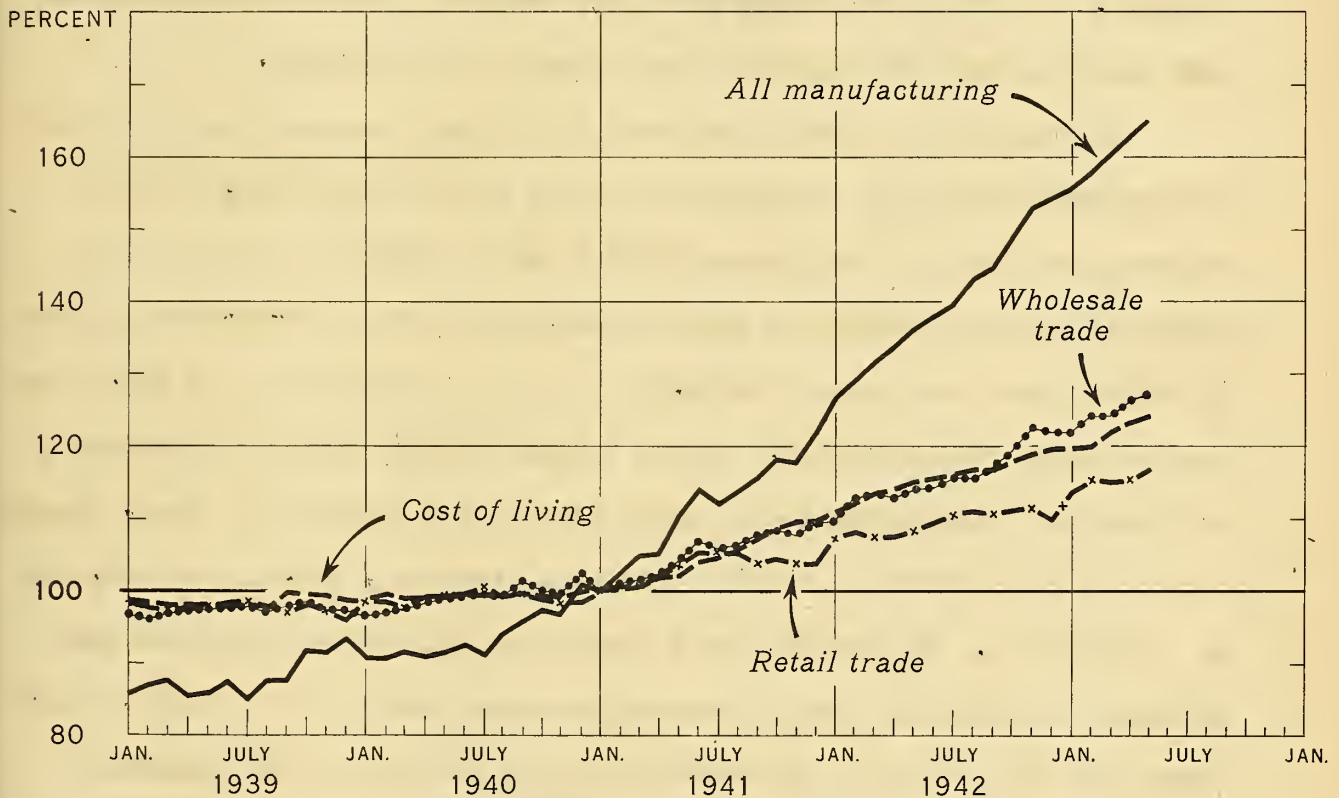
WASHINGTON, D. C.



JULY 1943

## PAY ROLLS PER EMPLOYED WORKER, MANUFACTURING AND TRADE, AND COST OF LIVING, UNITED STATES, 1939-43

INDEX NUMBERS (JAN. 1941=100)



BASED ON DATA FROM BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 43167

BUREAU OF AGRICULTURAL ECONOMICS

Since January 1941, pay rolls per worker in manufacturing have increased more than 60 percent. This increase, combined with increasing factory employment, augmented the demand for farm products and contributed to the rise in the prices of food and other items in the cost of living during the past 2 years.

In contrast, pay rolls per worker in retail trade have risen only about 15 percent, and consequently there has been a decline in the "real" wages of such employees.

## DEMAND

Fundamental economic conditions point to continued strong domestic consumer demand for farm products. Factory pay rolls, both total and per employed worker, continue month after month to set new high records. Total nonagricultural income payments, although not rising as fast as factory pay rolls, are also reaching new high levels monthly.

Collection of Federal personal taxes on a current basis, effective July 1, at a somewhat higher monthly rate than in the first half of 1943 will reduce the amount of consumer income otherwise available for current spending. But even after taxes have been deducted, consumer income in the next half year will be slightly larger than in recent months.

The increase in demand resulting from higher consumer income has not come uniformly from all occupational classes of the population. Table 1 compares the increase from January 1941 to April 1943 in weekly wages per worker in selected industries with the increase in the cost-of-living index. The dollar increases range from \$2.70 per week in retail trade to \$39.42 per week in water transportation. In the latter industry bonuses for entering war zones are responsible for a large share of the increase in wages. Except for water transportation, the largest dollar increase, \$22.12 per week, was in shipbuilding. In general, the increases in dollars per week have been greatest in mining and durable manufactures and least in the service industries, and the percentage increases have been greater for the industries which in January 1941 were in the upper half of the wage range than for industries in the lower half.

Indirectly, of course, most of the increase in the domestic demand for food and other farm products in the past 2 years has come from the Government's expenditure of billions of dollars on the defense and war



Table 1.-- Increase in weekly earnings per worker in selected industries compared with increase in cost of living, United States, January 1941-April 1943

| Industry  | Weekly earnings |          | Increase | Percentage increase |
|---|-----------------|----------|----------|---------------------|
|   | Jan.            | Apr.     |          |                     |
|   | 1941            | 1943     |          |                     |
|   | Dollars         | Dollars  | Dollars  | Percent             |
| Water transportation .....                          | 1/ 40.76        | 1/ 80.18 | 39.42    | 96.7                |
| Shipbuilding .....                                  | 37.69           | 59.81    | 22.12    | 58.7                |
| Anthracite mining .....                             | 25.13           | 43.22    | 18.09    | 72.0                |
| Automobiles .....                                   | 37.69           | 55.77    | 18.08    | 48.0                |
| ALL DURABLE MANUFACTURING .....                     | 30.48           | 48.52    | 18.04    | 59.2                |
| Iron and steel .....                                | 31.07           | 47.08    | 16.01    | 51.5                |
| ALL MANUFACTURING .....                             | 26.64           | 42.48    | 15.84    | 59.5                |
| Bituminous mining .....                             | 26.00           | 41.39    | 15.39    | 59.2                |
| Rubber products .....                               | 30.38           | 45.05    | 14.67    | 48.3                |
| Quarrying and nonmetallic mining .....              | 22.06           | 35.62    | 13.56    | 61.5                |
| Chemicals and allied products .....                 | 27.53           | 40.77    | 13.24    | 48.2                |
| Metaliferous mining .....                           | 30.31           | 42.57    | 12.26    | 40.4                |
| Crude petroleum and natural gas .....               | 33.99           | 45.02    | 11.03    | 32.5                |
| ALL NONDURABLE MANUFACTURING .....                  | 22.75           | 33.50    | 10.75    | 47.3                |
| Stone, clay, and glass products .....               | 25.02           | 35.65    | 10.63    | 42.5                |
| Textile mill products .....                         | 18.01           | 27.55    | 9.54     | 53.0                |
| Street railways and buses .....                     | 33.63           | 43.14    | 9.51     | 28.3                |
| Food and kindred products .....                     | 24.69           | 34.00    | 9.39     | 37.7                |
| Leather and leather products .....                  | 20.66           | 29.68    | 9.02     | 43.7                |
| Dyeing and cleaning .....                           | 19.92           | 28.87    | 8.95     | 44.9                |
| Apparel and other finished textile products .....   | 18.76           | 27.10    | 8.34     | 44.5                |
| Wholesale trade .....                               | 30.59           | 38.41    | 7.82     | 25.6                |
| Farm labor (hired) 2/ .....                         | 9.54            | 17.28    | 7.74     | 81.1                |
| Class 1 steam railways 3/ .....                     | 4/ 32.93        | 5/ 40.17 | 7.24     | 22.0                |
| United States Government executive service 6/ ..... | 35.54           | 42.61    | 7.07     | 19.9                |
| Tobacco manufactures .....                          | 17.89           | 24.95    | 7.06     | 39.5                |
| Electric light and power .....                      | 35.49           | 42.17    | 6.68     | 18.8                |
| Printing and publishing .....                       | 33.49           | 39.20    | 5.71     | 17.0                |
| Power laundries .....                               | 18.37           | 23.48    | 5.11     | 27.8                |
| Year-round hotels 7/ .....                          | 15.65           | 19.46    | 3.81     | 24.3                |
| Telephone and telegraph .....                       | 31.69           | 34.99    | 3.30     | 10.4                |
| Retail trade .....                                  | 21.53           | 24.23    | 2.70     | 12.5                |
| COST OF LIVING .....                                | ---             | ---      | ---      | 23.1                |

Based on reports of Bureau of Labor Statistics, except as noted.

1/ Monthly pay rolls (including bonuses for entering war zones) divided by employment and then divided by 4.33 to arrive at a weekly wage figure.

2/ BAE data. Wage rate per day without board multiplied by 6 to obtain weekly figures.

3/ Based on data reported by ICC.

4/ Estimate made by BAE by dividing pay rolls of class 1 steam railway employees who received pay during the month (excluding salaried employees and switching and terminal companies) by employment of class 1 steam railways and then dividing by 4.33 to arrive at a weekly wage. All data employed in making this estimate were reported by ICC.

5/ Estimated by BAE. Data of employment and pay rolls as reported by the ICC not yet available.

6/ Monthly pay rolls divided by 4.33 to convert to a weekly basis.

7/ Board, room, and tips are not included in the wages of hotel employees.

programs. These billions of dollars are basically responsible for the great expansion in national income. Directly, however, the combination of expanded employment and higher weekly earnings in the heavy industries has been the biggest single factor raising consumer incomes and therefore increasing the demand for agricultural products. Thus, with per capita civilian supplies of most foods about as large as before the war, it is not a general food shortage but the high and still rising level of income and demand by domestic consumers which is largely responsible for rising food prices. It is true that military and lend-lease requirements have risen sharply, but, as far as food is concerned, these requirements have not done much more than offset the effect of increased production. Military and lend-lease disappearance of food was negligible in 1940 but accounted for 4 percent of our output in 1941 and 13 percent in 1942. The volume of agricultural food production, however, increased more than 3 percent from 1940 to 1941 and another 11 percent from 1941 to 1942.

Military and lend-lease demand for farm products will continue to increase. The recent reduction in merchant ship losses along with the increased destruction of enemy submarines is making possible a growing overseas movement of all kinds of goods, including agricultural products. Purchasing by the Food Distribution Administration, mostly for lend-lease, has been increasing seasonally, the May total being about twice as large as in February. A large portion of the agricultural products now being shipped to the Allies is coming from stock piles accumulated in anticipation of the improved shipping situation, but the replenishment of these stock piles may be expected to increase the demand for farm products.

--- July 14, 1943



## GENERAL PRICE LEVEL

The general level of wholesale prices, as measured by the Bureau of Labor Statistics index, declined slightly from May to June, and weekly indexes for the first 2 weeks in July indicate a slightly larger decline from June to July. The slight drop in June is only the second interruption since February 1941 in the general upward movement of commodity prices; the first came in June last year, following the application of the General Maximum Price Regulation.

The decrease in the index of wholesale prices of all commodities from May to June was due almost entirely to lower wholesale prices for foods, brought about partly by seasonal declines in the prices of some fruits and vegetables and partly by the roll-back in the prices of butter and meat. The larger reduction from June to July indicated by weekly data was due to a further decline in prices of foods and to some reduction in prices of farm products, especially hogs. The index of wholesale prices of all commodities except farm and food has been unchanged for more than 2 months.

The cost-of-living index apparently declined about 0.2 percent from May to June, the entire reduction being in the food component. 1/

During the next few months movements in the general price level and in the cost of living will depend chiefly upon governmental actions.

## FARM INCOME AND PRICES

The index of prices received by farmers rose from 187 in May to 190 in June (August 1909-July 1914 = 100). The movement of central market prices since mid-June 1943 indicates a slight decline in the general level of prices at local markets.

The revised estimate of cash income from marketings in May is 1,400 million dollars. During the first 5 months of this year cash income from farm marketings totaled 36 percent more than in January-May last year, 6,419 million dollars compared with 4,714 million. Income from marketings of crops increased 46 percent and of livestock 32 percent. Government payments in January-May this year amounted to 376 million dollars, down slightly from 389 million in the first five months of 1942.

From May to June, cash income from farm marketings apparently advanced a little more than seasonally. Marketings of meat animals did not make the

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1/ Since this situation report was written, the Bureau of Labor Statistics has released its report on cost of living for June 15. This report says that more-than-seasonal declines in fresh vegetables from previous abnormal levels, led by a 9 percent drop in potatoes, and the roll-back in butter prices largely account for the reduction in retail food prices. Prices of meats were generally unchanged, slight increases for beef, lamb, and fish being balanced by slight decreases for pork and chickens. Clothing prices and rental charges remained unchanged over the month, while slight rises occurred in the cost of fuel, housefurnishings, and miscellaneous items.

usual seasonal decline and prices were off only a little after seasonal adjustment. Prices of dairy products declined considerably less than usual from May to June and production increased more than normally. Marketings of poultry and eggs declined more than usual, about offsetting a 3-percent rise in prices after allowing for seasonal adjustments. Volume of grains sold increased more than usual from May to June, and the seasonally adjusted index of grain prices advanced 4 percent, resulting in an increase in income larger than usual.

The July crop report estimated that aggregate crop production in 1943 is likely to be nearly 10 percent lower than in 1942. This does not mean that sales of crops this year will be 10 percent less than last, for not all of the aggregate crop production is sold and quantities sold from last year's record output accounted for a large part of the income from crops so far this year. In the first 5 months of 1943 marketings of crops were 13 percent larger than in the same period last year. Last year, however, marketings of crops were unusually large from July to December, and marketings in the second half of this year will fall considerably below the record levels set in 1942. Thus, total marketings of crops for the entire year 1943 may be a little smaller than in 1942. Livestock marketings this year, on the other hand, will be substantially greater than last, making total marketings of all farm products somewhat larger than in 1942.

This larger volume of sales, combined with generally higher prices, will result in returns from marketings about one-fourth larger than the 15,480 million dollars realized last year.

#### COTTON

The official July cotton report places the acreage in cultivation on July 1, 1943, at 21,995,000 acres. This is the smallest acreage since 1895 and compares with 23,302,000 in 1942 and 23,130,000 in 1941. It also compares with an announced goal of 22,500,000 acres for 1943. Slight increases in acreage occurred in both North Carolina and Mississippi. South Carolina, Georgia, Tennessee, Alabama, Arkansas, Louisiana, and Texas showed reductions of from 1 to 9 percent while reductions in other States ranged from 10 to 26 percent. With abandonment and yields equal to the most recent 5-year average, the production this season would be about 10.7 million running bales or about 1.7 million less than production in 1942.

The acreage in American-Egyptian cotton this season is estimated at 146,400 acres, which compares with 192,900 acres last year and a 1942 goal of 160,000 acres. This reduction was shared in by each of the four States in which American-Egyptian cotton is grown.

Cotton prices showed slight weakness during early July, declining about 1/4 cent. Viewed over a longer period, however, cotton prices have been quite steady. Since February 20, the 10-spot-market price of Middling 15/16-inch cotton has fluctuated between 20.87 and 21.43, a range of less than 3/5 cent.

Consumption in June amounted to about 917,000 bales or slightly less than 41,700 bales per working day. This represents a decline of about 2,300 bales per day from the May daily rate and is the smallest daily rate for a year and a half.



## WHEAT

A total wheat crop of 791 million bushels was indicated July 1. This is 60 million bushels above the indication of a month earlier and 53 million bushels above the 10-year (1932-41) average, but 190 million bushels below the large crop of last year. Winter wheat production was estimated at 519 million bushels, and spring wheat at 272 million bushels, which compares with 703 and 278 million bushels, respectively, for 1942. Production of all classes of wheat are below last year except white, which is only slightly larger. The production of all soft red winter is 14 percent below last year and again below ordinary milling requirements.

The carry-over July 1 of about 600 million bushels plus the indicated crop makes a total prospective supply without imports of almost 1.4 billion bushels. Disappearance in 1943-44, expected to total 1.1 billion bushels, would reduce the carry-over on July 1, 1944, to less than 300 million bushels. The expected disappearance would be an all-time record and would compare with the 1932-41 average of 720 million bushels. The 600-million-bushel carry-over includes about 215 million bushels of wheat owned by the Commodity Credit Corporation and 120 million bushels still outstanding under loan.

Disappearance in 1942-43 was the largest to date. It is estimated that wheat for food amounted to about 535 million bushels compared with 493 million bushels the previous year, and nonfood items and exports about 480 million bushels compared with 207 million bushels a year earlier. The large increase in nonfood uses reflects the large quantities used for feed and alcohol.

Wheat and rye acreage goals for 1944 were announced by the War Food Administrator on July 13. The wheat goal, set at 68 million acres, is 26 percent above the 54.2 million acres seeded for the 1943 crop, but slightly below the 1932-41 average of 68.9 million acres. In 1937 there were 80.8 million acres, the largest on record. It was suggested that the acreage of rye be maintained in areas where rye will produce more per acre than any alternative crop.

The 1944 wheat goal calls for seeding approximately as large an acreage as in the record year of 1937 except in the North Central and Eastern States where other crops will contribute more to maximum food output. Compared with this year, the wheat goal provides for substantial expansion of acreage in the Great Plains States, from Montana and North Dakota to Texas; somewhat smaller increases in the Pacific Northwest; and about the same or slightly larger acreages in other areas. In broad terms, the War Food Administrator advised farmers to plant as much wheat as can be grown after reserving sufficient land for expanding more urgently needed crops and without departing from sound farming practices

Market prices on July 14 were fractional to 3 cents below June 14. Fundamental firmness has resulted from the smallness of the crop in prospect relative to the likely disappearance in 1943-44. With the discontinuance of Commodity Credit Corporation sales of wheat for alcohol, open market sales for this purpose have contributed to market strength. On July 1 the loan

rate on the 1943 crop was increased 1 cent over the rate announced in June to an average of \$1.23 at the farm; for No. 2 Hard Winter at Kansas City, \$1.37 per bushel compared with \$1.27 in 1942. Market prices are above the new loan rate in most sections, which may result in increased sales of cash wheat and increased hedging.

#### RICE

A rice crop of 71.8 million bushels was indicated July 1, which is 8 percent above the previous record crop of 66.4 million bushels produced in 1942 and 52 percent above the 10-year (1932-41) average of 47.3 million bushels. In the Southern rice belt — comprising Arkansas, Louisiana, and Texas — production was indicated at 59.2 million bushels and in California 12.6 million bushels, compared with 54.8 and 11.6, respectively, in 1942.

A crop of 71.8 million bushels together with a small carry-over from this year would provide for prospective lend-lease, regular exports, shipments, and average domestic consumption, and leave a moderate reserve at the end of the marketing season. Domestic consumption in 1942-43 has been somewhat curtailed because of large requirements for our island possessions and for lend-lease and other exports.

#### FATS, OILS, AND OILSEEDS

Total production of oil from cottonseed, peanuts, soybeans, and flaxseed may be somewhat greater in 1943-44 than a year earlier. The quantity of linseed oil produced from domestic seed in 1943-44 may exceed that of a year earlier by more than 200 million pounds. Soybean acreage is indicated to be 8.5 percent larger this year than last. But it is uncertain whether oil production will be increased in the same proportion, since the acreage to be harvested for beans and the yield of beans per acre are still unknown. Production of peanut oil may increase somewhat, assuming an average yield of peanuts per acre and the same utilization of peanuts for seed and food as a year earlier. The acreage of cotton in cultivation on July 1 was 1.2 million smaller this year than last. With an average yield of cottonseed (per acre) in 1943, production of cottonseed oil would be about 200 million pounds less in 1943-44 than in 1942-43. An increase of 1.4 million is indicated in the acreage of flaxseed for harvest in 1943, with the production forecast at 53 million bushels compared with 40.7 million bushels in 1942.

Utilization of fats and oils, including "foots," by the United States soap industry in 1942 totaled 1,987 million pounds, 12 percent less than in 1941, the peak year to date. Apparently there was a substantial accumulation of stocks of soap by consumers and dealers in 1941 under the stimulus of rising prices and incomes. Actual consumption of soap may have increased in 1942, as a result of the continued rise in consumer incomes. Utilization of coconut and palm oils in soap declined 418 million pounds in 1942, reflecting curtailed imports. Use of inedible tallow and greases, which were in relatively plentiful supply, increased 161 million pounds. The use of inedible tallow and greases and other domestic fats in soap will be relatively greater in 1943.

#### CORN AND OTHER FEED

The supply of feed grains for 1943-44 is expected to total about 137 million tons on the basis of July 1 conditions, 18 million tons smaller than



the record supply last year but 17 million tons larger than the 1937-41 average. This supply includes 325 million bushels of domestic wheat, which could be made available for feed without bringing the carry-over next year below 250 million bushels, 40 million bushels of rye, expected imports of oats, barley, and feed wheat from Canada, and the domestic supply of four principal feed grains. The 1943-44 corn supply (based on July 1 prospects) is expected to be about 3,100 million bushels, 568 million bushels smaller than the supply last year, but slightly above the 1937-41 average. Prospects for the 1943 oat crop improved considerably during June and on July 1 the domestic supply was indicated to be only 4 percent smaller than the large supply last year. The indicated barley supply is 10 percent smaller than a year ago. Allowing for a further increase in livestock during 1943, the supply of feed per animal unit in the 1943-44 marketing year may be about 20 percent smaller than in 1942-43 and 10 to 15 percent below the 1937-41 average, but disappearance per animal unit would be about the same as this average if stocks at the close of the marketing year are reduced to a minimum.

Corn disappearance for the quarter April-June was 15 percent larger than a year earlier and oat disappearance was 21 percent larger. Stocks of corn on July 1 totaled 827 million bushels, 30 million bushels less than on July 1, 1942. A carry-over next October 1 of about 400 million bushels is in prospect.

Receipts of corn at primary markets continue small with only about 2.9 million bushels received for the week ended July 9. Commercial stocks of corn were reduced from 20.3 million bushels early in June to 9.6 million bushels early in July, which is the lowest level in recent years. Cash market prices of oats and barley increased 4 to 8 cents per bushel from the middle of June to the middle of July, reflecting increased demand for these grains because of reduced corn movement. Prices of byproduct feeds remain at the ceilings, with a strong demand for available supplies.

#### LIVESTOCK AND MEATS

Hog production in 1943 will be the largest on record. The 1943 spring crop totaled 74 million head, 22 percent more than the 1942 spring crop and nearly 50 percent more than the average number of pigs saved in the spring season for the 10 years prior to the 1934 drought. The number of sows indicated to farrow in the 1943 fall season, according to the June pig survey, was 25 percent larger than a year earlier, and, if the number of pigs saved per litter is about average, the fall crop will amount to roughly 53 million head. Because production of livestock and livestock products now is beginning to outrun total feed resources, the War Food Administrator has asked farmers to hold fall pig production in line with available feed supplies.

Even though the 1943 fall crop may fall short of the 53 million head now indicated on the basis of breeding intentions, the total 1943 pig crop will be substantially larger than the previous record of 104 million head raised in 1942. On the basis of this large increase in the number of hogs raised, slaughter supplies of hogs in the 1943-44 marketing year (which begins next October) will exceed those of any other year by a wide margin. This margin will be even wider if the number of young sows held back for farrowing in 1944 is materially reduced as a result of the tight feed situation. Also, because of the comparatively short supply of feed in relation to the total number of livestock to be fed, average weights of hogs in the 1943-44 marketing year may be considerably lighter than this year, when they were exceptionally heavy.



Hog marketings picked up sharply in May and in June, reflecting the large increase in the 1942 fall pig crop over that of a year earlier and the delayed movement of late spring and summer pigs which had been fed to exceptionally heavy weights. There have been some reports in recent weeks of sharply increased marketings of bred sows and unfinished pigs. But so far there is little indication that hogs are being liquidated because of the tight feed supply situation.

Cattle marketings declined sharply in June, reflecting uncertainty on the part of producers as to the final effect of the price roll-back and the subsidy program upon prices of live cattle. Inspected slaughter for the month totaled 9 percent less than in May and 32 percent less than in June last year. After correcting the June slaughter figure for the recent increase in the number of plants operating under Federal inspection, inspected cattle slaughter in June was the smallest for the month since 1915. Despite this sharp reduction in slaughter supplies of cattle, the outlook for increased marketings later this summer and fall is good. With a large number of cattle on ranges and in the Corn Belt that will be reaching slaughter weights and finish and with feed supplies relatively scarce, marketings in the second half of the year may be substantially larger than the usual proportion of the year's total.

Although livestock prices did not change greatly during the past month, the general tendency was lower for all species. Sharply expanded marketings depressed hog prices to the support level (\$13.75 for heavy hogs at Chicago) for several days in late May and early June, while uncertainty in the cattle situation also resulted in some weakness in cattle prices.

#### DAIRY PRODUCTS

Total milk production in June was 0.4 percent above a year earlier, compared with 2 percent below in May, and during the first half of 1943 it was about the same as in the corresponding period last year. During the second half of 1943, on the other hand, production may be 1 to 3 percent below a year earlier. Principal factors pointing to a greater-than-seasonal decrease in milk production in the second half of 1943 are: (1) Constant instead of seasonally adjusted price ceilings, which tended to stimulate production during the spring and summer but which will tend to retard it in the fall and early winter; (2) the possibility of a lack of feed in Eastern and Southern deficit areas; and (3) the reduced supply of high-protein feeds per animal unit.

Consumption of fluid milk and cream in the second quarter of 1943 is estimated to have been 5 percent larger than in the first quarter of this year and 10 percent larger than in the second quarter of 1942. Unless checked in some way, fluid milk consumption is expected to continue at an unusually high level. Because of a smaller total milk production than a year earlier and an increased consumption of fluid milk, production of manufactured products in the second half of 1943 is continuing considerably smaller than in the corresponding months of 1942. Because of the abnormal seasonal pattern followed last year, however, the percentage decrease in production for American cheese and evaporated milk may be somewhat smaller than during the first half of 1943.

Stocks of butter and cheese continued to increase during June. Trade reports indicate that a considerable volume of evaporated milk has been accumulated since rationing was started on June 2. These stocks will be needed to meet civilian and war requirements during the winter low production season. Effective June 20, maximum prices for industrial casein were increased 3 cents per pound. This should encourage the sale of skim milk off farms for use in producing casein, particularly in those areas where casein is the principal product manufactured from skim milk. Import permits for about 7 million pounds of casein, equivalent to 2 to 3 months of domestic production, recently were granted by the War Production Board.

### POULTRY AND EGGS

Farm marketings of poultry in the United States continue to increase and during most of the remainder of 1943 will be larger than the record movement of a year earlier. Laying flocks in June were 14 percent larger than in June last year and on July 1 the number of young chickens on farms was 20 percent (119 million head) larger than on the corresponding date of 1942. The increase in chickens raised this year provides the basis for a further large increase in number of layers and in egg production in 1944. But because of the prospective tight feed situation, the increase in number of layers for 1944 may be smaller than the usual relationship to the increase in chickens raised.

Although marketings have increased greatly in the last few weeks, the demand for poultry continues to exceed the supply. Market reports indicate that poultry is still being sold at prices exceeding ceiling levels, particularly in Eastern sections. The average price received by farmers for chickens in the United States in mid-June was 25.1 cents per pound compared with 18.5 cents in June last year.

Egg production has declined from the April peak but continues much larger than the previous record of last year. Production will decline to the seasonal low in November. Usually production declines more than 55 percent from June to November. In early July market supplies of shell eggs began to run short of the demand in some Eastern markets even though some shell eggs were being withdrawn from storage. Combined holdings of shell and frozen eggs in storage on July 1 were the largest on record.

Wholesale prices of eggs increased from mid-June to early July and the spread between wholesale prices and ceiling prices to retailers was narrowed further. On July 6 the Office of Price Administration announced ceiling prices for wholesale grades of eggs that were somewhat below prevailing levels. This provision became effective July 12 and resulted in some reduction in wholesale prices. Nevertheless, wholesale egg prices in mid-July averaged considerably higher than in mid-July 1942. Mid-June average prices received by farmers for both eggs and chickens were the highest on record for that month except for 1919 and 1920.

### FRUITS

Prospects for fruit production this season, based on July 1 condition, were somewhat less favorable than a month ago and far less favorable than were 1942 prospects on July 1 of last year. Production of the major deciduous



fruits, excluding apples, is expected to be 12 percent smaller than in 1942. Indicated decreases in crops for 1943, compared with production in 1942, are as follows: Peaches down 35 percent, pears 25 percent, sweet cherries 20 percent, sour cherries 49 percent, apricots 51 percent, and plums 11 percent. On the other hand, percentage increases of 9 percent for grapes, 12 for California prunes, and 4 for Washington, Oregon, and Idaho prunes are expected. Production estimates are not available for the apple crop, but condition reports indicate a crop somewhat smaller than last year's. Citrus production may be about as large in 1943-44 (crops produced from the bloom of 1943 and marketed in the fall of 1943 and in 1944) as in 1942-43. The production of such citrus crops will bring total fruit production during the 1943-44 season up to about 6 or 7 percent less than the 1942-43 season's production.

Carlot shipments of this season's deciduous tree-fruit and grape crop had totaled 6,063 cars by July 3, compared with 6,415 cars shipped during the same period last season. This does not take into account heavier loadings per car this year. Movement of cherries and peaches into the fresh market has been much smaller than a year ago, but plum, prune, and grape shipments larger. The strawberry season is drawing to a close and carlot shipments thus far have totaled only 2,500 cars, or about two-fifths as many as last season.

Interstate movement of Pacific Coast pears into the fresh market is to be limited this season, in order to obtain needed supplies in processed form.

All citrus fruits were moving to market in somewhat larger volume during the week ended July 3 than during the same week last season. In view of crop prospects and restrictions on shipments for fresh use, supplies of deciduous fruits on the fresh market during the next few weeks can be expected to be materially smaller, but citrus fruits in about the same supply as in 1942.

Prices for fruits continue at a high level. Prices on the New York market for the week ended July 3 compared with the corresponding week last season, were higher by the following percentages: New apples up 65 percent, Georgia (Hiley) peaches 95 percent, New York sour cherries 155 percent, Northwestern Bing cherries 55 percent, Beauty plums 44 percent, and grapes 8 percent. Ceiling prices have since been established for sour cherries, these prices being lower than those previously charged. They reflect 10 cents per pound to the growers for cherries to be sold on the fresh market and 8-1/2 cents per pound to growers for cherries to be processed. Ceiling prices lower than prevailing levels also have been placed on berries. Oranges, grapefruit, and lemons continue to sell at ceiling levels.

#### TRUCK CROPS

Supplies of commercial truck crops for fresh shipment are still smaller than a year ago. Indicated production of vegetables for fresh shipment in 1943 is about 11 percent below that of 1942. The acreage in these crops is estimated to be approximately 9 percent smaller than last year. Although below a year earlier, supplies of the major vegetables, with the exception of celery, cauliflower, and spinach, probably will be larger during the next few weeks than the supplies in June. However, the snap bean, carrot, and tomato crops are the only ones expected to be in materially larger supply



this summer than last. Cabbage and beet supplies may be somewhat larger. Cantaloup, cauliflower, celery, cucumber, onion, and watermelon crops are expected to continue to be much smaller than a year ago.

The index number of prices received by farmers for truck crops, June 1-15 of this year, was 308, compared with 169 for the same period in 1942. A moderate downward movement in the general price level for fresh vegetables occurred in the second half of June and in early July. Wholesale prices on the New York market for the week ended July 3 were considerably higher for peas, lima beans, spinach, lettuce, and tomatoes than the prices of mid-June, but such prices were lower for snap beans, beets, cabbage, cantaloups, celery, cucumbers, eggplant, peppers, squash, and turnips. A roll-back of about 25 percent in the price of lettuce and 50 percent in the price of cabbage, to take effect July 20, was ordered by the Office of Price Administration on July 10.

The planted acreage of vegetables for processing (excluding asparagus, carrots, and spinach in States other than California and Texas) is estimated at 2,039,540 acres, 1 percent larger than last year and 56 percent above the 1932-41 average. This acreage is somewhat smaller than was indicated by growers' intentions to plant, probably reflecting the unfavorable weather during the planting period in many States this year. Estimates of the planted acreage of individual vegetable crops for processing in 1943, compared with 1942, indicate the following percentage increases: Snap beans 18 percent, beets 7 percent, sweet corn 6 percent, kraut cabbage 4 percent, and peas 2 percent. The following decreases are expected: Cucumbers for pickles 29 percent, California and Texas spinach 23 percent, lima beans 7 percent, tomatoes 2 percent, and pimientos 1 percent. California and Texas spinach production (for processing) this season is estimated at 41,400 tons, or 33 percent smaller than production last year. Snap-bean yields are expected to be materially lower this year, and production, despite an 18 percent acreage increase, is expected to be only about 6 percent larger than last season.

#### POTATOES

A record potato crop is expected this year. Acreage for harvest is estimated at 3,363,100 acres -- 24 percent larger than in 1942 and an acreage meeting the 1943 goal. Production is estimated at about 435 million bushels, a larger crop than any on record. The 1943 crop, compared with production last year, is expected to be 25 percent larger in the 12 early States, 14 percent larger in the 7 intermediate States, and 16 percent larger in the 30 late States.

Harvesting is nearing completion in the second group of early States and is well under way in the intermediate States. Large crops in these areas have resulted in a glut of the market, and to relieve this situation the Government, in line with the price-support program, had purchased up to July 6 about 2,200 cars of potatoes, mainly in North Carolina, Arkansas, and Oklahoma.

Civilians have been urged to ease the situation by buying from the plentiful supplies now available in the market and deferring the digging of victory garden potatoes until the commercial crop is of the type that can move into storage. Thus a larger production of victory garden potatoes will be

obtained at a time when commercial supplies on the market will be relatively less abundant.

The June 15 average price received by farmers for potatoes was \$1.88 per bushel, or 159 percent of parity. This compares with a price 102 percent of parity on the same date in 1942. Prices since mid-June have weakened and now are below the ceiling level for the first time this year. July ceiling prices for potatoes (varying between States) range from \$2.40 to \$2.95 per 100 pounds, U. S. No. 1 grade, sacked and loaded on carrier, f.o.b. country shipping point. This is equivalent to \$1.44 to \$1.77 per bushel.

#### SWEETPOTATOES

A sweetpotato crop of about 83 million bushels, 27 percent larger than the crop of 1942, is indicated for 1943. This would be the second largest crop on record and approximately 20 percent above the 10-year (1932-41) average production. The acreage planted to sweetpotatoes this year is estimated at 923,000 acres, or 30 percent more than in 1942. Growing conditions thus far have been favorable. Shipments from last year's crop have practically ceased and the 1943 crop is beginning to move to market. Shipments in sizable volume, however, are not expected until the latter part of July. Prices of sweetpotatoes have declined since early June but remain more than twice those of a year ago.

#### DRY EDIBLE BEANS

Production of dry edible beans in the United States in 1943 is estimated at about 22 million bags of 100 pounds -- a record crop. Such a crop would be 12 percent above the large production of 1942. The planted acreage is estimated to be 31.5 percent larger than that of last season. Many bean plantings, however, were delayed by adverse weather and soil conditions this year. Beans also have been planted in areas and by some farmers not producing this crop before. Consequently, it is probable that the acreage of beans abandoned will be relatively larger than normal this season, and yields will be somewhat smaller than the high yields of a year ago.

June 1 stocks of dry edible beans on farms and in usual commercial storage places totaled about 4.5 million bags. June 1 stocks a year ago were about 6.6 million bags and March 1 stocks of this year (1943) approximately 8.2 million bags. These stocks do not include beans already in direct consumption trade channels. The June 15 prices received by farmers for beans averaged \$5.60 per 100 pounds, or 101 percent of parity. The 1942 crop is expected to continue to sell at about this price, reflecting the ceiling price level.

#### DRY FIELD PEAS

On the basis of July 1 indications, the 1943 crop of dry field peas is expected to be about 9.7 million bags of 100 pounds, or 35 percent larger than the record crop of 1942. Acreage for harvest is estimated at 696,000 acres, or 47 percent more than last year, but yields are expected to be considerably lower.

June 1 stocks of dry field peas (on farms and in commercial storage, but not in direct consumption channels) totaled 775,000 bags, compared with 668,000 bags on June 1, 1942. Prices continue at approximately ceiling levels.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = '100

| YEAR<br>AND<br>MONTH | INDUS-<br>TRIAL<br>PRO-<br>DUCTION <sup>1</sup> | FACTORY<br>EMPLOY-<br>MENT <sup>2</sup> | FACTORY<br>PAY<br>ROLLS <sup>3</sup> | INCOME<br>OF IN-<br>DUSTRIAL<br>WORKERS <sup>4</sup> | CASH<br>INCOME<br>FROM<br>FARM<br>MAR-<br>KETINGS <sup>5</sup> | WHOLE-<br>SALE<br>PRICES<br>OF ALL<br>COMMOD-<br>ITIES <sup>6</sup> | RETAIL<br>FOOD<br>PRICES <sup>7</sup> | COST OF<br>LIVING<br>URBAN <sup>8</sup> | PRICES<br>RECEIVED<br>BY<br>FARMERS <sup>9</sup> | PRICES<br>PAID<br>BY<br>FARMERS <sup>10</sup> | PRICES<br>PAID BY<br>FARMERS,<br>INTEREST<br>AND<br>TAXES <sup>10</sup> | RATIO OF<br>PRICES RE-<br>CEIVED TO<br>PRICES<br>PAID INCL.<br>INTEREST<br>AND TAXES |
|----------------------|---|---|--------------------------------------|--|--|---|---------------------------------------|---|--|---|---|--|
| Base<br>period       | 1935-39   | 1935-39                                 | 1935-39                              | 1935-39  | 1935-39  | 1935-39   | 1935-39                               | 1935-39                                 | 1910-14  | 1910-14                                       | 1910-14   | 1910-14  |
| 1929                 | 110   | 108                                     | 127                                  | 134  | 142  | 118   | 133                                   | 122                                     | 146  | 154   | 167   | 87   |
| 1930                 | 91  | 94                                      | 103                                  | 110  | 113  | 107   | 126                                   | 119                                     | 126  | 146   | 160   | 79   |
| 1931                 | 75  | 80                                      | 78                                   | 84   | 80   | 91  | 104                                   | 109                                     | 87   | 126   | 140   | 62   |
| 1932                 | 58  | 68                                      | 54                                   | 58   | 59   | 80  | 86                                    | 98                                      | 65   | 108   | 122   | 53   |
| 1933                 | 69  | 75                                      | 58                                   | 61   | 67   | 82  | 84                                    | 92                                      | 70   | 108   | 118   | 59   |
| 1934                 | 75  | 88                                      | 74                                   | 76   | 79   | 93  | 94                                    | 96                                      | 90   | 122   | 128   | 70   |
| 1935                 | 87  | 93                                      | 86                                   | 86   | 89   | 99  | 100                                   | 98                                      | 108  | 125   | 130   | 83   |
| 1936                 | 103   | 101                                     | 99                                   | 100  | 105  | 100   | 101                                   | 99                                      | 114  | 124   | 128   | 89   |
| 1937                 | 113   | 111                                     | 118                                  | 117  | 111  | 107   | 105                                   | 103                                     | 121  | 131   | 134   | 90   |
| 1938                 | 89  | 93                                      | 91                                   | 91   | 96   | 98  | 98                                    | 101                                     | 95   | 123   | 127   | 75   |
| 1939                 | 108   | 102                                     | 106                                  | 105  | 99   | 96  | 95                                    | 99                                      | 93   | 121   | 125   | 74   |
| 1940                 | 123   | 110                                     | 122                                  | 119  | 105  | 98  | 97                                    | 100                                     | 98   | 122   | 126   | 78   |
| 1941                 | 156   | 135                                     | 178                                  | 169  | 141  | 108   | 105                                   | 105                                     | 122  | 131   | 134   | 91   |
| 1942                 | 181   | 155                                     | 258                                  | 238  | 188  | 123   | 124                                   | 116                                     | 157  | 152   | 152   | 103  |
| 1942-<br>June        | 176   | 154                                     | 250                                  | 234  | 192  | 122   | 123                                   | 116                                     | 151  | 152   | 152   | .99  |
| July                 | 178   | 156                                     | 258                                  | 240  | 192  | 122   | 125                                   | 117                                     | 154  | 152   | 152   | 101.   |
| Aug.                 | 183   | 158                                     | 271                                  | 250  | 204  | 123   | 126                                   | 118                                     | 163  | 153   | 152   | 107  |
| Sept.                | 187   | 160                                     | 279                                  | 256  | 208  | 124   | 127                                   | 118                                     | 163  | 154   | 153   | 107  |
| Oct.                 | 191   | 162                                     | 288                                  | 262  | 211  | 124   | 130                                   | 119                                     | 169  | 155   | 154   | 110  |
| Nov.                 | 195   | 164                                     | 298                                  | 271  | 224  | 124   | 131                                   | 120                                     | 169  | 156   | 155   | 109  |
| Dec.                 | 197   | 168                                     | 306                                  | 278  | 226  | 125   | 133                                   | 120                                     | 178  | 158   | 156   | 114  |
| 1943-<br>Jan.        | 199   | 171                                     | 310                                  | 281  | 224  | 126   | 133                                   | 121                                     | 182  | 160   | 158   | 115  |
| Feb.                 | 202   | 171                                     | 316                                  | 287  | 240  | 127   | 134                                   | 121                                     | 178  | 162   | 160   | 111  |
| Mar.                 | 202   | 172                                     | 324                                  | 295  | 260  | 128   | 137                                   | 123                                     | 182  | 163   | 161   | 113  |
| Apr.                 | 203   | 172                                     | 329                                  | 301  | 261  | 129   | 141                                   | 124                                     | 185  | 165   | 162   | 114  |
| May <sup>11</sup>    | 203   | 171                                     | 334                                  | 303  | 257  | 129   | 143                                   | 125                                     | 187  | 166   | 163   | 115  |
| June <sup>11</sup>   | 203   | --                                      | --                                   | --   | --   | 129   | --                                    | --                                      | 190  | 167   | 164   | 116  |

<sup>1</sup>Federal Reserve Board, adjusted for seasonal variation.<sup>2</sup>Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).<sup>3</sup>Based on Bureau of Labor Statistics data. Seasonal fluctuations in factory pay rolls appear to have been largely eliminated since the United States entered the war, accordingly no adjustments for seasonal variation have been made since December 1941.<sup>4</sup>Includes factory, railroad, and mining employees. Revised June 1943. Not adjusted for seasonal variation; see footnote 3.<sup>5</sup>Adjusted for seasonal variation.<sup>6</sup>Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.<sup>7</sup>Bureau of Labor Statistics.<sup>8</sup>Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.<sup>9</sup>August 1909-July 1914 = 100.<sup>10</sup>Annual figures are straight averages of 12 monthly indexes, 1923-41.<sup>11</sup>Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.



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